DOCUMENT RESUME

ED 205 059 HE 013 485

AUTHOR Smith, Roger B.
TITLE Why Business Needs the Liberal Arts.
INSTITUTION Council for Financial Aid to Education, New York, N.Y.
PUB DATE [81]
NOTE 10p.: Paper presented to the Commercial Club of Chicago.
AVAILABLE FROM Council for Financial Aid to Education, 680 Fifth Ave., New York, NY 10019.

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Business Administration: Cognitive Development: *Employment Qualifications: Higher Education: *Leadership Qualities: *Liberal Arts: *Majors (Students): Public Policy: *Recruitment: *School Business Relationship: Specialization
IDENTIFIERS General Motors Corporation

ABSTRACT

Businesses are involved in the society that helps to produce and consume their products, in the communities in which they function, in the well-being of those who have invested in them, and in government at all levels. Specialists will always be needed in business, but companies often look for employees with more than a casual exposure to the liberal arts. These employees will be of greater value to the company, and also in a position to function more effectively as voting citizens and as thinking members of the community. Liberal arts graduates have also shown to be more adaptable to new situations, and to analyze concepts and arguments better than some other groups. As business becomes more involved in public issues, it needs leadership of greater breadth and depth, who want business success in traditional terms but also want to work with public policymaking. A program at General Motors is designed to recruit liberal arts majors, beginning with a carefully selected group of liberal arts colleges located chiefly in the Midwest. (MSE)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED205059

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
CFAE
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Why Business Needs The Liberal Arts

by

ROGER B. SMITH
Chairman
General Motors Corporation

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

✓ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

HE013 485

Council for Financial Aid to Education

ROGER B. SMITH

Business leadership today requires a broad range of talent and interests to meet the legitimate needs of both consumers and society, and General Motors therefore places a high priority on recruiting gifted liberal arts graduates.

This is the major theme of the talk GM's new chairman and chief executive officer, Roger B. Smith, made to the Commercial Club of Chicago. His observations have special significance because of his 31 years of experience with one of the world's largest corporations.

During the 1974-80 period, he served as executive vice president in charge of a wide range of General Motors corporate staff functions including financial, environmental activities, personnel, marketing, consumer relations, materials management, industry-government relations and public relations. Previously, Mr. Smith held a number of important responsibilities within General Motors, including positions of treasurer, vice president of the financial staff, and group vice president of the non-automotive and defense group.

Mr. Smith is active in local civic groups, serves on the advisory boards of several universities and a number of professional organizations. He has been a director of the Council for Financial Aid to Education since 1976.

He holds bachelor's and master's degrees in business administration from the University of Michigan.

Why Business Needs The Liberal Arts

Recently, General Motors announced a new and experimental program to recruit the best liberal arts graduates we can find at the country's best liberal arts colleges—in other words, the best from the best. As far as I know, just about everybody out there in the general population considered that news.

We support dozens of liberal arts colleges and universities directly, and hundreds more through various educational funds and associations. That much is part of the public record. But also part of the record is the heavy emphasis we place on hiring engineers, scientists, technicians, and graduates of business schools. As an industrial company, we hire many more such people than we do writers, or historians, or linguists, or social scientists.

Despite this emphasis, in no way does General Motors underrate the liberal arts. Actually, the contrary is true. Actually, we have about 9,000 liberal arts graduates at General Motors—which is 22% of all the college graduates in our employ.

But that is not all—in reviewing the qualifications of everyone we hire, we place a very high priority on educational training in these areas. And the reason is that General Motors is more than just an industrial company. For a person to rise to a position of leadership in our organization, he or she has to show us much more than a purely business or industrial orientation.

When I say that General Motors is "more than an industrial company," I think most of you in this audience know what I mean. But let me offer a little explanation nevertheless.

Yes, we at General Motors make cars, and trucks, and locomotives, and diesel engines, and earth-moving equipment and sophisticated electronic equipment. But those products are not ends in themselves, nor is the income we derive from making and selling them. Those products and that income are helping to meet some of the most basic needs of our society.

Business—And More

And we are involved in that society—very deeply so. We are involved in the lives of the people who work for us. We are involved in the lives of people who live in the communities where we have operations. We are involved in the well-being and security of those individuals and those institutions who have invested their funds in our corporation and who are, therefore our owners. We are involved in the support of local health, medical, and welfare agencies, and of various educational, research, cultural, and other institutions which depend upon General Motors for financial contributions or for the voluntary services of our officers and employes. We are involved with government at every level through the taxes we pay, through the defense equipment we supply, through our efforts to protect the environment, through our cooperation in urban renewal and equal employment opportunity programs, through our contributions to a favorable balance of international trade, and through the information, counsel, advice, and guidance we are frequently able to offer on matters of public policy.

It is not often that business people stop to make such a catalogue of the many and diverse ways by which their corporations are involved in the life of American society. And what I have just given you is only a partial list. But, nevertheless, I think it makes the point that I wanted to make—the point about the high priority which we at General Motors have placed on the liberal arts in today's business environment.

The Making Of A "Generalist"

An accountant whose interests in this world are circumscribed by his narrow specialty would never be able to function as a top executive of the kind of corporation I have just described. Nor would an engineer with similar limitations, nor a metallurgist, nor a business administration major. The world in which today's business leader must make decisions is too eclectic for the overspecialized specialist. Either he must broaden his range of interests and the scope of his knowledge during his years of formal education, or he must do so in the course of his everyday career.

I heard one chief executive officer say, for example, that he had moved successfully through the early years of his career almost entirely on the strength of his expertise in accounting. Promotion followed promotion. And with each advance, his responsibilities reached out to embrace some new demand on his abilities—psychology, for example; then economics; then marketing. He had to learn the art of public speaking. A knowledge of the media and how to work with them became a necessity, as did the rudiments of law and a familiarity with the intricacies of politics. Finally, when this man had reached the top of the corporate hierarchy, he looked at the many-faceted kaleidoscope of responsibilities he was now expected to handle and he complained, "This is what they have done to one of the best accountants they ever had—because he was such a good *specialist*, they have rewarded him by turning him into a damned *generalist!*"

Now, this isn't the one-of-a-kind case study it may appear to be on the surface. If you will look at the educational backgrounds of the most prominent chief executive officers in this country, I think you will find most followed a rather narrow program of studies—business administration stands out, for example, and economics, and marketing, and engineering. Relatively few will have majored

in the liberal arts. And that, I think, is a weakness of our educational system—or perhaps the weakness lies more in the quality of counselling which students interested in a business career too often receive.

"Mastery Of Life"

We still need specialists in business. General Motors, because of the nature of our operations, will continue to scour the country's business and engineering schools for the best talent available—even as we are now doing on a lesser scale among liberal arts colleges.

But as great as our need for specialists is, we try to recruit only those who have a wide range of knowledge and interests and who will be capable of handling other responsibilities as well—responsibilities completely unrelated to their specialty. This usually means a specialist who has more than just a casual exposure to the liberal arts. Some engineering schools do a good job of this—I know our own General Motors Institute does. Employes with such a broadened background are already preconditioned for advancement. They will be of considerably greater value to our company, and they will also be in a position to function more effectively as voting citizens and as thinking members of the community. And, having said that, I'm not sure that you can separate those three roles. In my experience, the better the employe, the more likely he or she is to be a thinking member of the community as well—and an intelligent and informed voter.

H. G. Wells made somewhat the same point when he said some time ago that, "Human history is a race between education and catastrophe." And, more recently, the Harvard General Education Curriculum Committee put it this way: in justifying Harvard's switch from overspecialization to what it calls a "core curriculum," the Committee offered this opinion: that "The fruit of education is intelligence in action. The aim is mastery of life."

I also read of a recent study which four Harvard professors made on this general subject. They tested 414 young people from three different backgrounds—one group consisted of graduates of a four-year, on-the-job training program; another group had specialized in such subjects as electronics and business at a two-year community college; and a third group had attended traditional, four-year liberal arts colleges.

The professors found that this last group—the liberal arts graduates—were far better able to analyze concepts and arguments than the others, and that they also showed a capacity to adapt more easily to new situations.

I wish they had studied a fourth group—those graduates who had combined the liberal arts with the kind of specialties that General Motors and other industrial corporations are usually most interested in. I'm prejudiced, of course, but from my experience I believe this fourth group would have received the highest marks of all.

Business And Public Issues

To measure the growing need which American business has for the broadest possible range of talents and abilities among its leadership, just consider the major public issues of the day—and how deeply business is involved in each one of them.

There is the question of big business itself, which many distrust and which some would like to replace with an 18th Century system of small, cottage industries.

There is urban renewal, and equal opportunities for minorities and women. There is even a cry for equality of *results* as well as equality of opportunity.

And, of course, there is inflation and the clash between those who are demanding reduced government spending and those who fear that such reductions will hurt the poor and disadvantaged most of all.

There are also the pros and cons of tech-

nology, which often lead to heated debates over such questions as unlimited growth and adequate protection of the environment.

And there is the rising expense of oil and natural gas, nuclear power, and the challenge to America's ability to survive economically in a world that has suddenly become much more competitive and in which mutual dependency now characterizes the relationship of all nations.

And finally there is our economic system itself, with its reliance on free markets, free trade, and customer sovereignty.

The list is seemingly endless. And each public issue I have mentioned—and those which have undoubtedly occurred to you even as I was speaking—each is becoming increasingly complex and each is beginning to involve business more and more deeply.

The New Business Leaders

Most of these issues were once considered far removed from the business community's sphere of competency. But because that has changed, business leadership is also changing. Today we require leadership that is of sufficient breadth and depth to reconcile its own corporate interests with the public interest. And when the two sets of interests collide, today's business leader must be prepared to give way to the higher good of the public interest.

The narrow-visioned specialist is out of his element in such an environment. When you invited me to join you here today to discuss the importance of the liberal arts in preparing today's business leadership, these are the fairly recent developments that immediately came to mind. These are the urgencies that prompted me to accept and that I have been looking forward to discussing with you today.

In response to such broad-gauged demands on business, I think it is clear—as I have just suggested—that a new generation of leadership has been arising in American companies and corporations. I welcome this important development and see much promise in it—not only for business, but for our government, for the American people, for the good of our entire society.

In many ways, this new generation of business leadership is very much like the generation it is succeeding: its members have read their Adam Smith; they know the necessity of profit for business as well as for a free society. But, for all their similarities, today's leaders differ in several important ways from their predecessors.

When you stop to think about it from the perspective of history—the traumas of the Thirties, for example, with the great depression and the rise of the New Deal; the great surge of government intervention into business affairs that followed World War II; and the advent of militant consumer advocates, environmentalists, and other special-interest groups throughout the Sixties and the Seventies—when you think of these currents of history, it is easy to understand why the role of business has been transformed so drastically in American society—but, even so, the changes are no less startling.

An Alliance In The Public Interest

These new business leaders we are talking about still want success in business terms, but they also want to work with the makers and shakers of public policy—most importantly with the leaders of government. They want to be in a position to influence public policy for the better, to help select the proper course for our nation to take. They perceive this activist role in public affairs as one of the new tasks of the corporate citizen—and they are realistic enough to know that they can exert such influence only by working hand in hand with government—not as adversaries, which was the mistake their predecessors made in the past, but as members of a new and enlightened alliance between business and government—an alliance formed in the public interest.

In short, this new generation of business

leadership recognizes—more than its predecessors—that it must take on far greater responsibilities in a modern society. It must continue to compete in the traditional marketplace where goods and services are sold, yes—but it must also enter a new marketplace—a marketplace of ideas, where the forces that shape society have always been determined. Only leadership with many and varied talents can hope to be successful in such an ideological marketplace—and this is why the liberal arts in industry are assuming so much importance today.

I have told you of our decision at General Motors to recruit liberal arts majors in a more organized and intensive way. The program is already in operation, beginning with a carefully selected group of 11 liberal arts colleges located chiefly here in the Midwest. We're still in the testing stage. What we want to see is the kind of response we will receive from the best students at these schools—and thereafter we will make whatever changes seem necessary in our approach to elicit an even better response.

Our Goal: To Recruit People Who Have "Learned to Learn"

To date, our reception by these students has been universally warm—some of our personnel people even use the word, "tremendous." This is highly encouraging, I don't have to tell you, because many people apparently believe that anti-business sentiments on America's campuses are highest among liberal arts students.

We are not encountering this at all. On the contrary, those students already recruited are showing an unexpected—and very welcome—enthusiasm for jobs in such strictly industrial fields as processing and manufacturing, as well as in those fields more usually associated with the liberal arts—such as personnel, finance, marketing, and data processing.

As we refine our procedures and gain more confidence in our recruiting approach, we intend to expand the program to include selected major universities from coast to coast.

But our goal will remain the same—to bring the brightest and most gifted liberal arts graduates we can find to General Motors—the kind of young people who in the past have tended to favor public service and other types of business over industry.

We are seeking them out with great energy because we think they will bring a level of alertness, adaptability, and overall intelligence to General Motors that the average liberal arts, engineering or business school graduate who walks into our employment office off the street sometimes lacks. One of their great assets is that their liberal education has taught them how to "learn to learn." We think they will have a great future with General Motors—we will both benefit. And if their presence in our organization helps add that depth and breadth of insight and knowledge that the leadership of any major corporation needs today, then our efforts will be well rewarded. We have every confidence that they will.

CFAE BOARD OF DIRECTORS

John T. Fey, *Chairman*
Chairman, Equitable Life Assurance Society of the United States

Raymond C. Johnson
Chairman, Executive Committee

John R. Haire, *President*

Courtney C. Brown
Honorary Director
Dean Emeritus, Graduate School of Business
Columbia University

James G. Affleck, Chairman
American Cyanamid Company

Paul E. Bragdon, President
Reed College

John F. Burlingame, Vice Chairman
General Electric Company

Samuel DuBois Cook, President
Dillard University

Harold L. Enarson, President
Ohio State University

James L. Ferguson, Chairman
General Foods Corporation

Clifton C. Garvin, Jr., Chairman
Exxon Corporation

A. Bartlett Giamatti, President
Yale University

Floyd D. Gottwald, Jr., Chairman
Ethyl Corporation

Thomas A. Graves, Jr., President
The College of William and Mary

Hanna H. Gray, President
The University of Chicago

Philip M. Hawley, President
Carter Hawley Hale Stores, Inc.

Timothy S. Healy, S.J., President
Georgetown University

Walter S. Holmes, Jr., Chairman
C.I.T. Financial Corporation

Charles E. Hugel, Executive Vice President
American Telephone and Telegraph Company

J. Edwin Matz, Chairman
John Hancock Mutual Life Insurance Company

Harold W. McGraw, Jr., Chairman and President
McGraw-Hill Inc.

Martin Meyerson, President
University of Pennsylvania

Steven Muller, President
The Johns Hopkins University

Frank Newman, President
University of Rhode Island

John R. Opel, President
International Business Machines Corporation

Lewis T. Preston, Chairman
Morgan Guaranty Trust Company of New York

John G. Smale, President
The Procter & Gamble Company

S. Bruce Smart, Jr., President
The Continental Group, Inc.

Roger B. Smith, Chairman
General Motors Corporation

Alton W. Whitehouse, Jr., Chairman
The Standard Oil Company (Ohio)

CFAE

The Council for Financial Aid to Education is a nonprofit service organization charged with stimulating the widest possible voluntary support of higher education, especially by the corporate community.

It was founded in 1952 by the chairmen of the boards of five major corporations: United States Steel, General Motors, Exxon, Container Corporation, and Armstrong Cork. The chairmen were Irving S. Olds, Alfred P. Sloan, Jr., Frank W. Abrams, Walter P. Paepcke and Henning W. Prentis.

CFAE publishes annual reports on voluntary support of colleges and universities and corporate support of higher education, and special studies in related fields.

Staff members call personally upon hundreds of top-echelon business leaders every year to explain the financial needs of higher education, and to enlist corporate support in meeting them. CFAE also offers counseling services to corporate and college administrators. It conducts symposia and issues informational publications and materials designed to help broaden the base of educational support.

In cooperation with the Advertising Council, CFAE sponsors the nationwide public-service advertising campaign, "Give to the college of your choice. Now." This campaign has elicited as much as $34 million in free time and space from the media in one year.

The CFAE itself neither solicits nor disburses funds for higher education. Originally funded by four major foundations—the Carnegie Corporation of New York, the Ford Foundation, the Rockefeller Foundation, and the Alfred P. Sloan Foundation—CFAE now draws its support from more than 400 leading American corporations.

Give To The College
Of Your Choice

CFAE Council for Financial Aid to Education
680 Fifth Avenue, New York, N.Y. 10019 (212) 541-4050

LITHO IN U.S.A.